

Overstock.com Eyeing Supreme Court Appeal of Adverse NY Internet Tax Decision

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E-commerce retailer decries state "patchwork" solutions in favor of fair national solution. SALT LAKE CITY, March 28, 2013 /PRNewswire/ -- **Overstock.com, Inc.** (NASDAQ: OSTK) is considering a U.S. Supreme Court appeal of the adverse ruling handed down today by the New York Court of Appeals in its case contesting the constitutionality of New York's affiliate tax laws.

(Logo: <http://photos.prnewswire.com/prnh/20120110/LA33954LOGO>)

"We are disappointed in today's ruling, but confident of our position that the New York law is unconstitutional on its face and violates due process," stated Jonathan Johnson, Overstock.com's acting chief executive officer. "Given that courts in other states have upheld U.S. Supreme Court precedent, and struck down similar laws, the matter appears ripe for resolution by the U.S. Supreme Court."

The company noted the strong dissent filed by Justice Smith, observing that Justice Smith's analysis more closely tracks federal precedent as it bears on the constitutional questions the company has raised concerning New York's law.

The company states that, while unfortunate, today's decision will have no impact on the company's operations. The New York law passed in 2008 was aimed at conscripting out-of-state retailers to collect New York and local sales taxes if the retailers used the services of New York-based internet advertisers for banner and other types of internet advertising. Overstock and many retailers, rather than undergo the significant burden of tax collection without just compensation, reluctantly terminated the services of its New York-based advertisers. Eight other states have passed similar laws, the chief effect of which has been to put many internet advertisers out-of-business, resulting in lost income tax revenue to those states. In Illinois, many of the top twelve internet advertisers in the state moved to other jurisdictions. Subsequently, an Illinois state court ruled the Illinois law unconstitutional.

"We have opposed at each opportunity the patchwork quilt of state laws, but we do not oppose the right federal solution to this national question," noted Johnson, who in recent months has worked with key congressional

representatives to shape the contours of a national plan to allow state to use remote retailers for tax collection so long as the states agree to necessary conditions.

"This is a fairness question which the Congress alone must resolve," said Johnson. "There are more than 9,600 taxing districts in the country, and if Congress moves that enormous tax collection burden to remote retailers, then in fairness, Congress should require states to pay reasonable compensation to those retailers for the associated costs, especially when those retailers have no real connection to the state, have no political influence there and derive no benefit from the states in which they have no physical presence."

Overstock.com and other similar e-commerce retailers are pressing for a fair internet taxation solution from Congress, but are opposed to measures now under consideration which fall short of providing a fair solution to the issue.

"We will examine our options for appeal of today's decision while we continue to work with stakeholders for a fair national solution," Johnson said.

About Overstock.com

Overstock.com (NASDAQ: OSTK) is an online discount retailer based in Salt Lake City, Utah that sells a broad range of products including furniture, rugs, bedding, electronics, clothing, jewelry and cars. **Worldstock.com**, a fair trade department dedicated to selling artisan-crafted products from around the world, offers additional unique items.

Main Street Revolution supports small businesses across the United States by providing them a national customer base. A recent Nielsen State of the Media: Consumer Usage Report placed Overstock.com among the top five most visited mass merchandiser websites. The NRF Foundation/American Express Customer Choice Awards ranks Overstock.com #4 in customer service among all U.S. retailers. Overstock.com sells internationally under the name O.co. Overstock.com (<http://www.overstock.com> and <http://www.o.co>) regularly posts information about the company and other related matters under **Investor Relations** on its website.

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This press release contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements include all statements regarding future litigation and congressional legislative work. Our Annual Report on Form 10-K for the year ended December 31, 2012, which was filed with the Securities and Exchange Commission on February 21, 2013, and our other subsequent filings with the Securities and Exchange Commission identify important factors that could cause our actual results to differ materially from those contained in our projections, estimates or

forward-looking statements.

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